

Audit of State and Federal Cost-Sharing Agreements



Background



District routinely enters into cost-sharing agreements with

Federal

State

Local Governments

Excluding Kissimmee River and CERP \$115M

Note: Kissimmee River and CERP Agreements recently audited

Background



Audit focused on 7 Critical Restoration Cost-Sharing Projects with USACE

Critical restoration (Pre-CERP) project agreements:

- Projects approved in the 1996 WRDA Agreement
- 50-50 cost share District and USACE with a cap
- Max USACE contribution \$47 million

Background



- District's contribution normally consists of a combination of land, cash and in-kind support
- USACE contribution usually design and construction

Background



7 Critical Projects

Contribution (in millions):

	<u>District</u>	<u>USACE</u>
Cash	\$32.9	
Land	29.0	
Work in-kind costs	<u>17.2</u>	
	\$79.1	
Construction		<u>\$53.1</u>
Est. cost to complete	<u>18.6</u>	
Total Contribution	\$97.7	\$53.1

Objectives, Scope and Methodology



Verify that the District and the USACE are contributing their share of the committed participation



Develop a Process to Support District In-Kind Costs

Significant Component of District Contribution –
Work in kind (District salaries, surveys etc.)

Process for District to obtain Work-In-Kind Credit

- Semi-annually submitted support of in-kind costs to USACE
- Thought to be acceptable to the USACE

Develop a Process to Support District In-Kind Costs



District submitted \$6 million of work-in-kind to the USACE for project credit

- District and USACE developed a reporting system but only 39% of District submitted costs were eligible for project credit.
- Lack of documentation supporting the District's in-kind costs

Develop a Process to Support District In-Kind Costs



Subsequently additional documentation from District

No costs in dispute

Lead to USACE approval of 63% of submitted work in kind costs

Remaining costs waiting for project completion

Develop a Process to Support District In-Kind Costs



Recommendations

Re-establish documentation requirements and work-in-kind reporting criteria with USACE

Management Response

Management has initiated a new process for documenting and submitting in-kind credit costs to the USACE

Eliminate Potential USACE Liability through Amendment or Other Offset



District Contribution	\$97.7 million
USACE Contribution	<u>\$53.1 million</u>
Contribution Difference	\$44.6 million

Reimbursement of District excess project contributions is subject to federal government discretion and funds availability.

Eliminate Potential USACE Liability through Amendment or Other Offset



Critical Project	Original Project Cost Estimate	USACE Actual Expenditures	District Actual Expenditures	District Estimate to Complete	District Actual Expenditures and Estimate to Complete	Project % Complete
East Coast Canal Structures	\$1,300,000	\$1,901,479	\$1,918,740	-	\$1,918,740	100%
Ten Mile Creek Water Preserve	29,066,000	19,872,402	20,354,098	\$4,607,113	24,961,211	91%
Tamiami Trail Culverts	8,336,000	2,622,127	1,182,854	-	1,182,854	100%
Western C-11 Water Quality	9,630,000	9,097,300	9,478,156	-	9,478,156	100%
Southern Crew Projects	12,021,000	7,282,214	20,832,690	7,024,906	27,857,596	90%
Lake Okeechobee Water Retention	16,360,000	10,770,380	14,706,613	1,713,840	16,420,453	99%
Lake Trafford	17,540,000	1,600,942	10,647,719	5,301,616	15,949,335	93%
Total	\$94,253,000	\$53,146,844	\$79,120,870	\$18,647,475	\$97,768,345	


Eliminate Potential USACE Liability through Amendment or Other Offset



District may owe \$1.4 million to USACE for
Tamiami Trail Culvert Project

Overall excess District funding of \$44.6 million
cannot be used to offset individual project
deficits in which the USACE contribution
exceeded District funding

Eliminate Potential USACE Liability through an Amendment or Other Offset



Recommendation

Eliminate any liability that may exist when the critical projects are complete through an amendment to the agreement or other offset.

Eliminate Potential USACE Liability through Amendment or Other Offset



Management Response

- Congress has increased Critical Project funding from \$75 million to \$95 million.
- Additional funding may be allocated to District sponsored projects
- District is attempting to get Congress to authorize the USACE to balance 50/50 across all projects with the District

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Questions?